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Homeowners Assistance Program (HAP)

May 2008

One Corps Serving The Army and the Nation

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Homeowners Assistance Program

- Provides some financial relief for service member and civilian homeowners whose homes lose value as a result of a DOD announced closure or realignment.
- Currently:
  - Active program at NAS Brunswick, ME, (21 applicants)
  - Studying impacts at NS Ingleside, TX, and Army Communities in FRG.

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Basis for HAP

- Section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended, provides for monetary relief for military and federal civilian employees faced with losses on the sale of their residences.
- The loss must be "…as the result of the actual or pending closing of a base…there is no present market for the sale of such property upon reasonable terms and conditions…"

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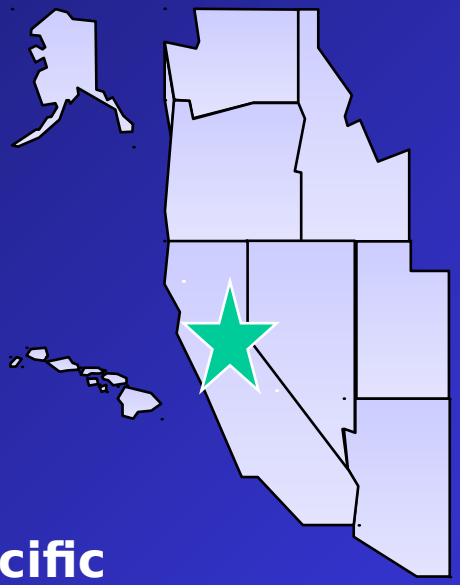
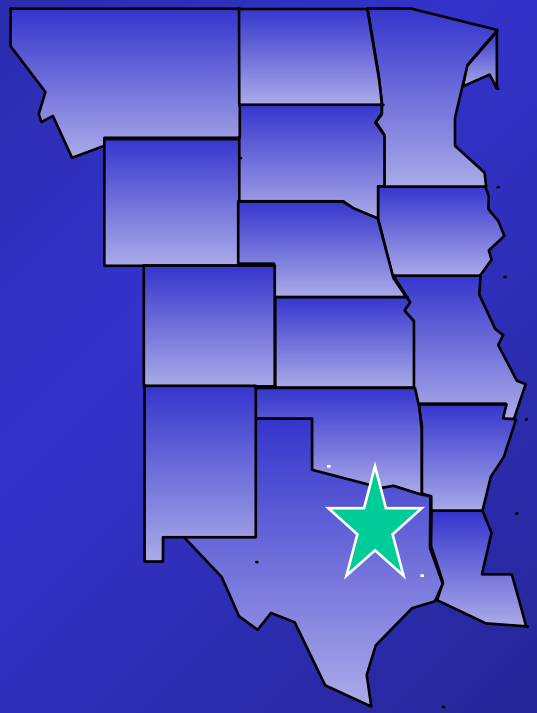
HAP Centers of Expertise

Sacramento District

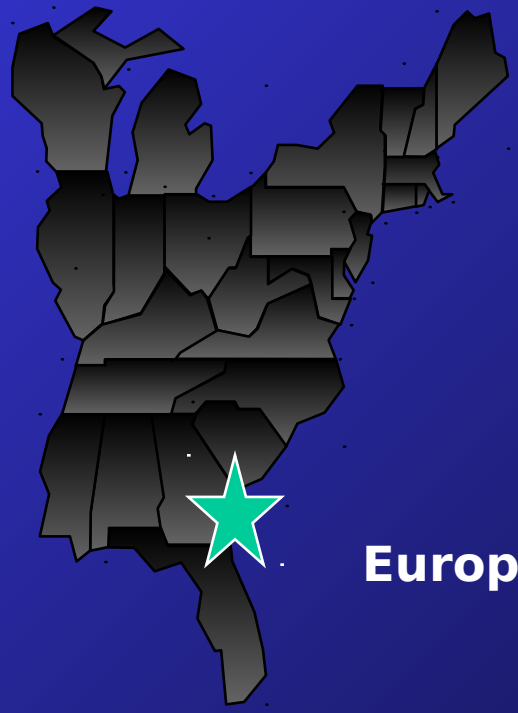


Pacific

Ft. Worth District



Savannah District



Europe

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Eligibility

- Active duty service members and federal civilian employees assigned at or near the affected installation
- Owner-occupant and assigned on the announcement date – military personnel who normally rotate back to the installation also eligible
- Must relocate outside area

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Benefits

- Foreclosure
- Government Acquisition
- Private Sale
- Private Sale Augmentation

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Foreclosure

- Assist after the foreclosure
- Costs may include direct cost of judicial foreclosure, expenses and enforceable liabilities according to the terms of the promissory note
- Can be treated as a Private Sale

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Government Acquisition

Acquire home for 75% of the PFMV or the balance of existing mortgages, whichever is greater...

• PFMV of $100,000 X 75%	$75,000	$75,000
• Balance of existing mortgage	$70,000	$95,000
• FMV on date of acquisition	$85,000	$85,000
• Payment to applicant	$ 5,000	$ 0
• Applicant has no tax liability	$ 0	$ 0

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Private Sale

Benefit pays up to 95% of prior fair market value (PFMV).

- **Prior market value of $100,000 X 95% = $95,000**
- **Applicant sells house for $85,000**
- **Appraised value on date of sale $85,000**
- **Benefits to applicant $10,000**

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Private Sale Augmentation

- PFMV: $100,000 X 95% = $95,000
- Less Sales Price $85,000
- Benefit Payment $10,000

- Mortgage Pay Off $90,000
- Sale of Home ($85,000)
- Balance of Mortgage ($ 5,000)

- Benefit Payment $10,000
- Payment to Payoff Mortgage (by applicant) $ 5,000

- Balance Paid to Applicant $ 5,000

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Revised Private Sale Augmentation

- PFMV: $100,000 X 95% = $95,000
- Less Sales Price $85,000
- Benefit Payment $10,000

- Mortgage Pay Off $98,000
- Sale of Home ($85,000)
- Balance of Mortgage ($13,000)

- Benefit Payment $10,000
- Payment to Payoff Mortgage (by HAP) $ 3,000

- Balance Paid to Applicant $ 0

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Home Mortgage Crisis Impacts on BRAC 05

The HMC's nation-wide depression of real estate markets makes it almost impossible to identify a market decline caused by the BRAC 05 announcement.

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Home Mortgage Crisis Impacts

- Homes are expected to be on the market for protracted periods.
- Most homeowners' mortgages are tens of thousands of dollars higher than they could regain from selling, and cannot rent their homes for enough to cover mortgage payments.
- Foreclosures are up 57% from Jan 07. *
- Nation-wide median home values are expected to decline 25% over the next two years (15% in '08 and another 10% in '09). [Even more depreciation likely in 2010]**
- With a 2007 median home value of $217,800;many homeowners can expect $43,500 value losses.***

* RealtyTrac 26/02/2008

** CNNMoney.com 23/01/2008 National Association of REALTORS

*** RealEstateabc.com 04/02/2008

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Three Groups Significantly Impacted by the HMC

- Wounded, ill, or injured service member homeowners who need to sell their homes to relocate for medical treatment or retirement (Warriors in Transition).
- BRAC 05 service member and Federal civilian employee homeowners who must relocate with their jobs or to new assignments.
- Service member homeowners directed to relocate to new duty stations.

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Why Are They Impacted?

- They cannot stay in their homes and wait for the HMC to recover.
- They have few options:
  - Separate their families,
  - Leave the service to find employment near their homes, or
  - Default on their mortgages.

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Legislative Proposals

- HQ US Army Corps of Engineers is staffing two legislative proposals to proved HAP benefits to these three groups.
  - Strong support at ODASA(I&H) and ASA(I&E)
  - Will require appropriations of:

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Appropriations Required

	FY 10	FY 11	FY 12	FY13	FY 14
Warriors in Transition	$8.5	$4.3	$0.5	$0.5	$0.5
BRAC 05	$94.8	$63.2	$31.6		
Svc Mem Relocations	$226.0	$151.5	$75.5		
Total	$329.3	$219.0	$107.6	$.05	$.05

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Questions?